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ABSTRACT

Postsecondary student aid programs administered by the United States Office of Education (USOE) have helped many thousands of students to obtain an education they may not otherwise have received; however, some schools have engaged in questionable or abusive practices that have frustrated student attainment of the desirable educational goals envisioned by the Congress in establishing these programs. To curtail these practices the American Institutes for Research (AIR) was contracted to develop and field test a data capture and dissemination system that would provide information for improved consumer protection in postsecondary education. Chapters cover: (1) regulatory and nonregulatory approaches to consumer protection, (2) the role of the AIR project, (3) consumer protection data, (4) project instruments, (5) field test data analysis, (6) development of dissemination and use strategies, and (7) limitations. (Author/KE)

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STUDY DESIGN AND ANALYSIS PLAN

IMPROVING THE CONSUMER PROTECTION FUNCTION IN POSTSECONDARY EDUCATION

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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FORWARD

In July 1975, the Office of Planning, Budgeting, and Evaluation (OPBE) of the United States Office of Education (USOE) contracted with the American Institutes for Research (AIR) to develop and field test a data capture and dissemination system which would provide information for improved consumer protection in postsecondary education. Postsecondary student aid programs administered by USOE have helped many thousands of students to obtain an education they may not otherwise have received; however, some schools have engaged in questionable or abusive practices which have frustrated student attainment of the desirable educational goals envisioned by the Congress in establishing these programs. It was toward the curtailment of such practices that the study was directed.

This report presents the final rationale and design for AIR's work, which is to be accomplished during the period of October 1975 to October 1976. It reflects the results of a two month literature search conducted by AIR staff (reported separately by Carolyn Helliwell as AIR Technical Report AIR-52800-11/75-TR, 1975). It also reflects welcomed comments by a number of interested and concerned persons in response to the original AIR Technical Proposal, Brief, and two Preliminary Study Design and Analysis Plans distributed during the first three months of AIR's contract. Among the persons whose comments have been most instrumental in shaping this final plan are: Drs. Salvatore Carrollo and William Green, OBPE; Mr. John Proffitt and the members of USOE's Accreditation and Institutional Eligibility Staff (AIES); Mr. James Ashman of National Computer Systems, Minneapolis; and the 14 members of three Project Advisory Panels (listed in Attachment A). To them should go credit for many useful and sound aspects of this plan; the blame for any impractical and unwise aspects which remain should fall upon the authors of this report.

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INTRODUCTION

The 1972 Amendments to the Higher Education Act (HEA) of 1965 moved the federal government further than ever before into a position of direct financial support for postsecondary students rather than higher education institutions (Wolanin and Gladieux, 1975). The clear intent of Congress was to create a more open market in which students would be free to select from a wider array of postsecondary education options. The universe of institutions made eligible to accept federally-aided students includes public, private, and proprietary (profit-seeking) collegiate institutions of higher education, and public and proprietary occupational training schools; it also includes postsecondary schools in foreign countries and hospital-based schools of nursing and the allied health occupations.

In accordance with the "open-market" intent of the 1972 Amendments, legislators (e.g., U.S. Congress, 1975), policy analysists (e.g., Orlans et al., 1974), independent national organizations (e.g., Federal Interagency Committee on Education [FICE], 1975), and government officials (e.g., Bell, 1975) have called for a stronger federal system for protecting students--the ultimate consumers of postsecondary education--from occasional abuse or malpractice by schools which participate in the HEA student assistance programs, including the Guaranteed Student Loan Program (GSLP) and the Basic Educational Opportunity Grants (BEOG) program. The calls have been occasioned by well-publicized articles in the popular media (e.g., Carper, 1974; Wentworth, 1974; Boston Globe, numerous dates; Chicago Tribune, numerous dates), congressional hearings (e.g., U.S. Congress, 1974) and the findings of federal agencies (e.g., Pugsley and Hardman, 1974) to the effect that consumer abuses and malpractice by postsecondary institutions are not isolated events and constitute a real and present threat to the success of the student assistance programs. An analysis (Behr and Babington, 1974) of the topics of 540 student complaint letters received by USOE's AIES between 1969 and mid-1974 showed the following breakdown:

- Lack of suitable refund policy 28%
- Misrepresentation in advertising and illegitimate enrollment practices 27%
- Faulty instruction, learning facilities, physical plant 25%

- Inadequate job placement services 10.5%
- Abusive school management practices 4.5%
- Other complaints 4.5%

Of course, student complaints are not always reflective of school abuses; students are as capable as other human beings of making mistakes and inappropriately voicing petty gripes. Nevertheless, documented cases of institutional fraud, misrepresentation, and lack of even minimally adequate disclosure to students present clear justification for efforts aimed at improving the consumer protection function in postsecondary education.

The Regulatory Approach to Educational Consumer Protection

The regulatory approach to education consumer protection, as applied by USOE[1], has its basis in federal statutes dating back to the Veterans Readjustment Act (G.I. Bill) of 1952. Basically, this approach involves granting initial eligibility to only those postsecondary institutions and programs which can meet certain specific prerequisites: (a) state licensing or chartering; (b) accreditation by private non-governmental accrediting bodies or state agencies recognized by the U.S. Commissioner of Education for this purpose; and (c) compliance with federal non-discrimination guidelines.

More specifically, USOE's Advisory Committee on Accreditation and Institutional Eligibility (ACAIE) and Accreditation and Institutional Eligibility Staff (AIES) have functioned since 1968 to orchestrate a system of determining initial eligibility for postsecondary educational institutions to participate in various federal student assistance programs, including many outside of USOE. This eligibility determination system depends upon independent judgments rendered by the state licensing agencies and private non-governmental and (in some states) state accreditation bodies. ACAIE/AIES are empowered to formulate and publish accrediting guidelines, and to approve state/private accrediting bodies which are found to comply with these guidelines. Only state/private accrediting bodies with approved procedures and jurisdictions may qualify for participation, in the sense that their "accreditation" can

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[1] It should be noted that the Veterans Administration (VA) and Federal Trade Commission (FTC) also have separate regulatory approaches aimed at protecting educational consumers and preventing misuse of federal funds. It is beyond the scope of this project to deal with these approaches, except to the minor extent that they utilize USOE eligibility determinations in their own regulations. See O'Neil (1975) and FTC (1975).

function as an aspect of eligibility for federal funds. Periodic reviews of accrediting body policies are conducted by AIES and failure by an accrediting body to comply with the guidelines following initial qualification may result in suspension or termination of "USOE approval."

ACAIE/AIES have authority to limit, suspend, or terminate "USOE approval" of an accrediting body or agency, once the approval has been granted, if it can be clearly shown that the body practices accrediting procedures which are in violation of the ACAIE/AIES guidelines. This has been done only three times to date, and only then in cases where the accreditation was not being used by member institutions as an avenue for federal program eligibility. AIES has shown a preference for less drastic persuasion, attempting to move accrediting bodies slowly toward a posture of more stringent "regulation" of the ethical practices and policies of member institutions.

ACAIE/AIES do not have direct authority to suspend or terminate a post-secondary education institution from continuing eligibility to participate in federal student aid programs, even in a case of blatant consumer abuse. An AIES-recognized accrediting body may suspend or terminate an institution's accreditation, presumably for being in violation of accrediting body rules, a step which affects the institution's continuing general eligibility to participate in the various federal programs. Similarly, state licensing agencies may suspend or terminate the license of an institution for failure to comply with state licensing requirements and laws, a step which also affects the school's continuing general eligibility to participate in federal student support programs.

The Orlans et al. (1974) policy analysis contains a review of the historical evolution of government policies for determining eligibility to participate in federal student assistance programs. One of the major conclusions of the study was that USOE's eligibility determination system is inadequate for protection of students--the ultimate consumers of the educational services which are paid for in part by these assistance programs. This conclusion was justified mainly by USOE's partial reliance on the private non-governmental accreditation bodies to curb consumer abuses. Orlans et al. reasonably concluded that these bodies, as representatives of their "volunteer" institutional constituencies, were unlikely to act strongly to detect or control abusive practices. Even though Orlans et al. tended to

overlook the fact, accrediting bodies have never claimed to be in a position to monitor or police the operational practices of their member institutions for consumer protection purposes. Nevertheless, all recognized accrediting bodies have now assumed an AIES-required mandate to promote "ethical practices" and "equitable refund policies" of all their member institutions. To our knowledge, no systematic study has ever been done to determine how or to what extent this mandate is actually enforced in practice by accrediting bodies. Our own observations have led us to an impression that great diversity is allowed in the definition of "ethical" and "equitable," especially among regional accrediting bodies whose members include large public and private non-profit institutions of higher education.

Similarly, many states do not have strong regulations which control the operating practices of licensed or chartered schools (cf. Clark, 1974). As demonstrated by AIES' investigation of the Boston Globe series on vocational school abuses, moreover, even strong state regulations may go almost unenforced due to lack of funds and personnel for monitoring and prosecution.

An overlooked fourth party in the above "tripartite" regulatory system is the individual student aid program within USOE. All of the administrative divisions have the authority to publish regulations which they judge to be necessary for the "adequate administration" of their own programs. There can be no question that this authority carries with it some consumer protection responsibility. However, guidelines have only recently been published to allow the Guaranteed Student Loan Program to limit, suspend, or terminate the eligibility of individual institutions in the case of proven violations of GSLP regulations. No such guidelines currently exist for other USOE student assistance programs.

A Non-Regulatory Approach to Educational Consumer Protection

At the other end of an imaginary "regulatory" continuum is the consumer protection approach advocated by many student groups and non-government consumer advocates. This approach has not been widely used or supported by the government to date. Basically, it is the "forewarned is forearmed" method which involves supplying prospective enrollees with information about institutional practices which could lead to consumer abuse. The critical

assumption here is that the potential student should have the opportunity to make an informed choice to avoid or deal appropriately with potentially abusive institutional practices. A further assumption is that informed consumer choice will eventually either force a change in an institution's objectionable practices or force the institution out of the educational marketplace. The potential strength of this approach is the fact that it does not depend on further government regulations or changes in existing government regulations. The recent development of an Office of Consumer Affairs within the Department of Health, Education, and Welfare suggests that there is serious official interest in further promotion of a non-regulatory approach to educational consumer protection.

ROLE OF THE AIR PROJECT

Depending on the time one has to devote to the task, one can discover almost an infinite number of published suggestions on how to improve the consumer protection function in postsecondary education. Helliwell (1975) documents those the AIR staff were able to uncover and abstract during a brief two-month span. These are mostly variations on what we have called the "regulatory" approach. Depending on one's particular point of view, one can find arguments for:

- turning the entire regulatory function over to the states and improving their regulatory effectiveness;
- turning the entire regulatory function over to the private accrediting bodies and improving their regulatory effectiveness;
- turning the entire regulatory function over to a super federal agency; or
- any combination of the above.

The Eligibility Task Force of the Institute for Educational Leadership at George Washington University has nicely summarized 11 separate proposals (1975, pp. 14-17) along with a hotline number to call for any new suggestions. Without speaking to the relative merits of those proposals, we do not regard it as the role of this project to become embroiled in this controversy. We view our task as one of developing and field testing methods of improving the consumer protection function within existing regulations. The "tripartite" (i.e., states, private accrediting bodies, and USOE--both AIES and the student assistance programs) system, with its multiple checks and balances and provisions for due process and eventual public oversight, seems both salvable and worth salvaging.

One of the major and continuing complaints voiced by those who would suggest revisions as well as by the participants in the existing system has been lack of sufficient mutual communication; this results in a lack of awareness about actions taken and knowledge existing within the limited sphere of responsibility of the other involved parties. It is our considered opinion that this is the major problem in improving the consumer protection functioning of USOE's existing system. To improve this system, we believe there needs to be a common core of data which can be regularly circulated among all involved parties. Furthermore, the same data are exactly those which

could be so useful to consumers in improving the functioning of a "non-regulatory" approach to consumer protection, by educating potential consumers. In the next section of this paper, we will examine the nature of this data core and possible mechanisms for its collection. It should be made clear that USOE has made no commitment to the implementation of any "data sharing" system that might be developed and field tested by this project. In the event implementation should later prove desirable, however, we have conducted informal interviews to explore administrative options for such a system. As a result of these interviews, it was concluded that the National Center for Educational Statistics (NCES) was a logical and appropriate place for the collection of institutional data within USOE. NCES officials have shown some interest in this possibility; NCES has the essential capabilities for both surveying in the postsecondary school area and auditing, both internally and externally, for the purpose of verifying data accuracy.[1] The system could in fact be incorporated into NCES' Higher Education General Information Survey (HEGIS) and Annual Survey of Occupational Training Schools. However, since NCES is basically a service organization, a request for the development of such a system would have to come from elsewhere in USOE.

In view of its present role as coordinator of initial institutional eligibility screening for all of USOE's student assistance programs, the logical and appropriate place for such a request to originate is AIES or elsewhere in the Bureau of Postsecondary Education. AIES would pass along summaries of institutional data to the major participants in USOE's institutional eligibility screening/termination system, i.e., the individual USOE aid program divisions (and their regional offices), the private independent accrediting bodies, and the state licensing, accreditation, and chartering agencies. These participants, in turn, would be encouraged to add additional data to the system which are unique to their own domains and responsibilities.

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[1] This is also in line with policy recommendations recently received by NCES (see Christoffel and Rice, 1975).

CONSUMER PROTECTION DATA

In the previous section we discussed the need for a common core of data which could be shared by the various participants in USOE's eligibility screening/termination system as well as by consumers themselves. In this section we will discuss the nature of this data core and how it might best be collected and disseminated.

A Definition of Consumer Protection Data

It is important to note at the outset a distinction between information needed for improved educational decision making and information needed for consumer protection. The latter is but a small subset of the former. In making decisions about whether or not to seek a postsecondary education, what type of education to seek, what institution to attend, etc., students need a great deal of information. Needed information includes not only the various options available at particular institutions and the requirements and costs of each, but also insight into the world of work and an individual's own goals, interests, abilities, limitations, etc. Information of this type is a great aid in decision making. However, students also need to know about institutional practices which can mislead them in their decision making and frustrate their goal attainment once a decision has been made. Only the latter type of data, the limited subset of consumer protection data, is of interest for the purposes of this project.

What are some institutional practices which can mislead students and frustrate even well-made decisions? Admittedly, there is a thin line between "sharp" business operations and educational malpractice. Because of the inconsistent network of federal, state, and local regulations which govern postsecondary education, practices which are potentially illegal in one location may be permissible in another. Furthermore, because the pattern of regulations is constantly changing, through new legislation and judicial reinterpretation, practices which are acceptable at one time may be illegal at a later time. Consumer advocates generally agree, however, that abuse depends on creating conditions which lead the consumer to make a decision that: (a) is based on inaccurate or incomplete information; and (b) is not in his or her best interest.

The first task of this project was to build a taxonomy of practices for which there could be general agreement that "this is clearly abusive." Using the AIES student complaint file mentioned previously (i.e., Behr and Babington, 1974), a two-stage 20% random sample (Table 1) was performed for the purpose of detailing:

- the exact nature of the complaint;
- its antecedent conditions (i.e., the cause, in terms of precipitating conditions existing in the school);
- the resolution; and
- comments on how the student might have best avoided the situation.

Attachment B presents 13 categories derived from 242 such "incidents" extracted from the sample of 115 complaints, along with several actual example incidents for each category of perceived abuse. These categories (listed in Table 2) were further validated by a search of the consumer complaint files of the Federal Trade Commission[1] and the previously mentioned literature search (Helliwell, 1975). A fourteenth category was subsequently added, dealing with lack of school financial stability. Examples primarily concerned cases where schools had closed without warning, leaving students with unpaid loans and no recourse for obtaining the educational services for which they had paid.

The nature of the universe of complaints and documents with which we had to work provided one major bias which must be made explicit at this time. All of the consumer complaints we examined and most of the consumer protection literature involved non-public occupational training institutions. However, a look at the 14 complaint categories will lead even an ardent supporter of higher education to conclude that the institutional abuses reported therein are not practiced solely in occupational training institutions. It must reasonably be concluded that the nature of occupational training, the contractual implication of learning a specified "skill" for a specified amount of money, contributes to an atmosphere in which the student is more likely to complain. The zeitgeist of media exposés on "predatory" occupational training schools supports this atmosphere. Conversely, the unspecified (perhaps unspecifiable) nature of higher education's goals make it extremely

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[1] The assistance of Mr. Robert Badal of the Federal Trade Commission was invaluable in the conduct of this search.

Table 1

SAMPLE OF COMPLAINTS RECEIVED BY AIES BY YEAR

Year	Entire File	Percent	Original Sample	Percent	Final Augmented Sample	Percent
1969	10	2%	1	1%	2	2%
1970	60	10%	12	15%	18	16%
1971	106	17%	19	23%	25	22%
1972	161	26%	25	31%	30	26%
1973	154	24%	16	20%	23	20%
1 Jan - 1 July 1974	43	7%	4	5%	5	4%
1 July 1974 - 1 July 1975	96	15%	4	5%	12	10%
TOTAL	630	101%*	81	100%	115	100%

* Does not total 100% because of rounding.

Table 2

SUMMARY OF DERIVED COMPLAINT CATEGORIES

1. Inequitable refund policies and failure to make timely tuition and fee refunds.
2. Misleading recruiting and admissions practices.
3. Inadequate instructional programs.
4. Inadequate instructional staff.
5. Lack of necessary disclosure in written documents.
6. Inadequate instructional equipment and facilities.
7. Lack of adequate job placement services (if promised), and lack of adequate follow-through practices.
8. Lack of adequate student selection/orientation practices.
9. Inadequate housing facilities.
10. Untrue or misleading advertising.
11. Lack of adequate practices for keeping student records.
12. Excessive instability in the instructional staff.
13. Misrepresentation or misuse of chartered, approved, or accredited status.
14. Lack of adequate financial stability.

unlikely that "victims" of abusive practices will perceive a sound justification for complaining or will actually render a formal complaint, even if they do perceive justification. Paradoxically, the academic freedom which is so important for preserving the independence of intellectual inquiry in higher education makes it more likely that abusive practices will go unexamined and will be perpetuated longer than in the area of occupational training.

Indicators of Abusive Practices

Indicators are events or derived numbers which can be used to periodically gauge the direction and magnitude of complex processes. While there rarely is a one-to-one correspondence between indicators and the underlying processes they are intended to represent, indicators nevertheless afford convenient opportunities to assess trends and provide useful insights into what is happening over time. Indicators may be conceptualized along a dimension of correspondence with reality, ranging from close correspondence (e.g., freight car loadings) to slight correspondence (e.g., Gross National Product). Experience with economic and social indicators has shown that the further away an indicator progresses from its underlying causative events, the more difficult it is to collect and interpret--to use in making decisions. A long history of standardization and empirical validation is often required in order to interpret indirect indicators, while direct indicators can be used more rapidly, collected and interpreted, on the basis of their face validity.

In the present case, indicators were desired which could help a large number of interested parties make judgments about a very complex concept known as "consumer abuse." It was apparent that the concept was multidimensional and that potential indicators could vary greatly in directness, or the degree to which they corresponded with reality in postsecondary institutions. Our analysis of the types of decisions to be facilitated by consumer protection indicators, for both regulatory and non-regulatory approaches, led us to believe that more direct indicators, such as the frequency with which a certain abusive practice occurs in an institution, would be more useful initially than more indirect indicators, such as an institution's "dropout" rate, "placement" rate, etc. These indirect indicators, because of their tendency to react to multiple sources of causation, are highly susceptible to misinterpretation. More seriously, comparisons based on such indicators may be easily influenced by factors which are beyond the

power of an institution to control, such as entering student ability, labor market fluctuations, previous student employment history, etc. All are also very difficult to collect from institutions in any standardized manner, so that comparisons among self-reported "rates" for consumer protection purposes may be biased by large methodological variance.

It was therefore decided that primary attention in this project would be paid to indicators which constituted direct, descriptive information subject to relatively clear interpretation by potential recipients and suppliers alike. Indirect indicators have been formulated to the extent possible, so that the time-consuming steps of standardization and empirical validation can be at least initiated during the present project. Specific indicators and data analysis procedures to be utilized are discussed later in this report.

A Note on Data Collection Mechanisms

The most desirable mechanisms for obtaining indicators are those which provide accurate data without imposing a new reporting burden; they result from new analyses and reporting of already collected data. Are data on school practices (see Table 2) sufficient for consumer protection utilization now being collected?

Some higher education experts have suggested that data from already existing federal data collection mechanisms, such as the Higher Education General Information Survey (HEGIS), could be used to provide consumer protection indicators. Ignoring the relative inaccuracy and long publication lag time of HEGIS data and HEGIS' limited institutional coverage (only degree-granting institutions), it is important to point out that HEGIS-type data, as published in USOE's Education Directory, are not of the consumer protection type as defined earlier.

Currently the USOE student assistance programs also gather some form of data from participating institutions. These data are defined as those necessary for the "adequate administration" of the program. They basically concern the numbers and characteristics of enrolled students, amounts of financial aid awarded, etc. Even though data on school practices could possibly be required under the "adequate administration" requirement, no USOE programs apparently collect such data currently.

An example of potentially relevant data which are currently collected would be those obtained by private accrediting teams during institutional site visits, especially ratings of program and faculty quality. However, it is clear that the publication of these confidential ratings, even if it could somehow be mandated, would invalidate them for their primary purpose, which is institutional self-study and improvement. Lack of recency is also a major problem, since accreditation site visits occur only twice every decade, on the average.

As another example, the audited fiscal reports on an institution's financial condition, submitted yearly to accreditation bodies and to some state agencies, probably contain relevant clues to the existence of consumer abuses. We hope that the current cooperative efforts of organizations such as the National Association of College and University Business Officers, the American Institute of Certified Public Accountants, the National Center for Higher Education Management Systems, and USOE will produce some simple, direct indices of an institution's financial health which can be derived from these fiscal reports. We will maintain close contact with them during this project.

College catalogs have great potential as a data source, because almost every school publishes an up-to-date, detailed catalog describing its operational practices. If some standardization in format and disclosure content could somehow be mandated, no further data collection mechanisms would be required. Unfortunately, this is a very big and obtrusive IF.[1]

In summary, then, it appears that existing mechanisms are not currently collecting data sufficient to meet consumer protection needs.

The next most desirable mechanisms for obtaining indicators are those which require the addition of new questions and processing routines to existing data collection systems. The least desirable mechanisms are those which require an entirely new data collection system. There would seem to be no insurmountable barrier to the collection of consumer protection data via modification of existing systems, although postsecondary education

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[1] Harcleroad and Dickey (1975) have presented an interesting but very obtrusive variation of this mechanism in their suggestion that postsecondary institutions should be required to prepare and disseminate an annual "audit" report which would be certified by an external educational auditor, not unlike a CPA.

institutions may resist any effort to collect new data which attempt to serve the cause of consumer protection. They may do so not because they are necessarily against consumer protection, but rather because they are against anything which will result in more paperwork and red tape. They may harken to the words of new HEW secretary David Mathews that the growing web of federal controls, regulations, and paperwork is threatening "to bind the body of higher education in a Lilliputian nightmare of forms and formulas" (1974). Their concerns are understandable, and all reasonable alternatives must be examined.

The consumer protection data collection mechanism we envision coming out of this project would involve from three to five multiple choice questions for general topic areas such as the 14 referenced in Table 2. Although completing such items should be the responsibility of an institution's chief executive officer, the actual mechanics of completion could (and probably should) be shared among several knowledgeable officials. Flexibility of design will be maintained without any precondition on where this data collection subsystem might ultimately come to rest. As mentioned on page 8 , however, the most reasonable option presently appears to be NCES' HEGIS/Annual Occupational School Survey.

PROJECT INSTRUMENTS

For the purposes of the present project, two separate types of data collection forms have been developed. They will be clinically pretested and then field tested in a small representative sample of postsecondary institutions around the nation. Plans for the pretest and field test will be presented in the next section.

The Institutional Report Forms (IRF)

Institutional Report Forms (IRF) have been designed to solicit indicators from institutional officials about practices which have been identified as potentially abusive. Forms have been prepared for degree-granting institutions of higher education and occupational training institutions. This allowed simplification of the desired multiple choice item format. Schools which have both degree-granting and occupational-preparatory programs will be asked to complete two forms. All indicators have been based on demonstrated cases of consumer abuse derived from Congressional hearing records and AIES and FTC consumer complaint files. The two forms are reproduced as Attachments C and D. Each form has sections based on the 14 complaint categories listed in Table 2, and each indicator has a brief rationale which explains what it is trying to measure and why. These preliminary forms have more indicators than would actually be needed under operational circumstances; the pretesting and field testing process will reduce the number of indicators and sharpen the wording of those which remain. In addition, attempts have been made to collect indirect indicators such as withdrawal rate and, where appropriate, placement rate; these rates will be used in the later indicator validation process.

The Enrolled Student Questionnaire (ESQ)

Enrolled Student Questionnaires (ESQ) will be designed to parallel the two IRF's. For the field test, ESQ's will be useful mainly in the validation of institutional reports by providing data on the perceptions of current consumers regarding a school's operational practices.

The longer run intent of the ESQ would be to provide a possible mechanism through which institutional data could be partially validated and standardized indicators of a school's dropout rate, withdrawal rate, and placement rate could be obtained. As mentioned previously, such indirect indicators are useful for consumer protection purposes

only if they can be collected under standardized conditions and only then if corrections can be made for causative factors which are beyond institutional control. Administrative difficulties inherent in collecting any kind of data directly from students probably will prohibit actual implementation of an ESQ-based consumer protection data collection mechanism. Again, however, flexibility of design will be maintained without any preconditions on eventual implementation options.

The ESQ's are not reproduced in this document; however, as with the IRF, each indicator will have a brief rationale which explains what it is trying to measure and why. More indicators will be included than would eventually be asked under operational circumstances.

Pretesting and Field Testing the Data Collection Forms

The two draft instruments (IRF and ESQ) will be pretested in eight schools in Santa Clara County, California. Strata will be identified for: (a) ownership status (public and proprietary), and (b) types of school (four-year collegiate, two-year collegiate, and postsecondary occupational [two replications per cell]). The sampling frame will be constructed using the USOE Education Directory and the yellow pages of the telephone directory in order to cover the entire target universe of institutions. To permit as simplified a multiple choice item format as possible, the instruments (Attachments C and D) will be tailored to the specific type of school(s) in each cell. Pretesting will consist of individual interviews with school personnel and enrolled students (no more than eight per institution) to solicit their subjective judgments regarding the feasibility and utility of each IRF/ESQ item.

Following the pretest and consequent revision of the data collection instruments, a formal field test will be conducted. To better generalize the findings of the field test to the population of eligible institutions in the target universe (stated on page 1 of this document) it will be useful to select a carefully stratified sample of schools. Included in the field test sample will be 45 schools drawn by cluster (city) from three states. An estimated 4500 students will respond to the ESQ (an average of 100 per school; random sampling and differential weighting procedures will be used in schools with very large enrollments). As presently conceived, the sampling plan will include strata for: (a) stringency of state licensing require-

ments (e.g., very stringent, moderately stringent, and not stringent) confounded with geographical region; (b) ownership status (e.g., proprietary, private non-profit, and public); and (c) school size (e.g., large, medium, and small) confounded with type of school/institution (e.g., four-year collegiate, two-year collegiate, and postsecondary occupational). There will be two replications per cell for medium-sized two-year institutions and small occupational institutions. The universe of schools in the sampling frame will be identified through checks with the NCES directory file, AIES and accrediting agency approved school lists, and yellow pages of telephone directories in selected cities. For every sampled school a backup school will also be selected for use in the event the primary school cannot or will not participate.

To secure the participation of the 45 sampled institutions, the chief administrators of the schools will be contacted first by letter and then by telephone to follow up on the initial mail contact. The contact letter and call will explain the nature of the field test, the minimal time requirements, and the potential advantages to the school of participating (e.g., feedback of the ESQ responses from their enrolled students). Assurances will also be given as to the confidentiality of the IRF and ESQ field test data. In this regard, the student questionnaires will be designed so that the cover sheet, containing student name and an informed consent statement, can be detached from the body of the questionnaire prior to student completion. Final form design, printing, and mailing will be carried out by National Computer Systems (NCS) of Minneapolis, Minnesota. Both the IRF and ESQ will be designed to fit an optically scanned response format.

To further encourage the participation of sampled institutions, the cooperation of regional and national accrediting bodies and school associations will be solicited in announcing the field test. Designated backup schools will be immediately contacted in the event a primary school either cannot be contacted or is unwilling to participate. Each school contact person will be offered an honorarium for completing the IRF, and each student will be offered payment for the approximately 30 minutes of his/her time spent in responding to the ESQ.

AIR staff will visit all participating schools to observe the completion of the IRF (and check the accuracy of the responses) and, if possible,

personally administer the ESQ to either the entire student body or, for larger institutions, a representative sample of it. Comments of school staff and AIR staff observations will be formally recorded. A special effort will be made to collect and compare the independent responses of different officials within the same institutions. Randomly selected students will be informally interviewed following their completion of the ESQ to collect their perceptions of how useful information on abusive practices would have been to them at the time they were considering which school to attend.

FIELD TEST DATA ANALYSES

Initial Processing

NCS will perform the initial processing of the field test data from the IRF and ESQ. The ESQ data will be optically scanned and verified, using only an arbitrarily assigned school ID number so that no individual students' responses can be identified. A semi-secure file, matching school ID number and school name, will be created and maintained at AIR. No NCS-generated reports or raw data summaries will identify schools by name. After the ESQ data have been processed, data summaries (e.g., marginal item tabulations) will be promptly returned to the participating schools, following review for accuracy, by AIR staff.

A comprehensive school master file will then be created at AIR by hand coding and keypunching; it will contain raw or weighted (if appropriate) percentages of the ESQ item responses along with the IRF item responses, which will also be hand coded. This 45 school master file will be augmented by external data, such as GSLP-calculated loan default rate, if available, and state chartering or approval agency personnel ratings of "institutional probity," if available.

Construct Validation

In effect, each of the 14 topics on the IRF/ESQ instruments represents an empirically-derived "construct"--a specific type of potentially abusive practice. The major purpose of the field test, aside from providing subjective information on the practicality of the IRF and ESQ instruments, is to provide a data base for the validation of these constructs. For the purpose of deriving constructs, item scoring procedures will be developed. Each IRF and ESQ item in a topic area will be capable of yielding a score of from zero to two, depending on item weights assigned to produce approximately normal score distributions if at all possible. If sufficient variance can be achieved, within and between construct product-moment correlations will then be computed and "multitrait/multimethod" matrices established for inspection. If the constructs do have validity, "within construct" correlations will be higher than "between construct" correlations, and "within trait" correlations will be higher than "within method" correlations.

Empirical Validation

Separate correlations will be computed between summed "construct" scores and external indicators such as the ratings by knowledgeable state officials. If the constructs have any empirical validity, these correlations should be moderately high, provided they are not restricted inordinately by lack of range.

Indicator Selection

In the event adequate construct validity can be demonstrated, individual item score-construct correlations will be calculated in an attempt to identify those items which are the "best" indicators of each construct. In effect, this will be an item analysis procedure analogous to item selection in a conventional achievement test. In this regard, indirect indicators such as school withdrawal rate, dropout rate, and placement rate (as obtained from the IRF) will also be correlated against construct scores to examine their relationships to these scores.

DEVELOPMENT OF DISSEMINATION AND USE STRATEGIES

It is envisioned that data on institutional practices such as those produced by the IRF would have major utility to the schools themselves, allowing them to analyze their own status in relation to AIR-suggested "standards" of consumer protection. The first dissemination and use strategy will be directed toward institutions which are eligible for or applying for eligibility to participate in the USOE-administered student aid programs prescribed in Title IV of the Higher Education Act of 1965 as amended. The thrust of AIR's argument for promoting self-policing and improvement will be that governmental intervention will inevitably grow more and more direct unless voluntary efforts at identifying and reducing abusive practices begin to provide more satisfactory results. Sadly, however, some schools are abusing the educational consumer by conscious choice; these schools are unlikely to be moved by an effort at sincere self improvement. Under these circumstances, the only recourse is to the consumer protection approaches outlined in the beginning of this report.

For the regulatory approach, a second dissemination and use strategy will be directed toward the participants in USOE's eligibility screening/termination system: (a) USOE program administration divisions; (b) private non-governmental accreditation bodies; and (c) state licensing, chartering, and accreditation agencies. IRF data will be summarized in an "early warning" report format, to be more fully outlined after the general validation process has been completed. Formal distribution channels, stemming from AIES, will be identified. Attention will be paid to the nature of each potential recipient's actual decision options and consequent data needs. In addition, efforts will be made to identify existing data, unique to particular recipients' own areas of responsibility, which might be added to the "early warning" report for other users.

For the non-regulatory "informed consumer" approach, no effort will be made to directly provide summaries of IRF-type data. Instead, efforts will concentrate on instructing consumers on how to obtain and use necessary consumer protection data on their own, from the published documents of a school, via a school visit, from a state regulatory agency or private accrediting body, etc. This constitutes a third "dissemination" and use strategy.

Drafting and Pretesting User Guides

For each of the three separate dissemination and use strategies described above, separate explanatory user guides will be developed. The purpose of the user guides will be to help insure that each set of potential users has at least the prerequisite knowledge and skills necessary to apply consumer protection data to its own decision making needs. The guides for educational consumers will contain additional information on how to facilitate postsecondary educational decision making in general, even though the consumer protection purpose is more limited to the issue of finding out about and dealing appropriately with questionable institutional practices. Instruction on how and where to complain effectively will also be included. Options for large-scale dissemination of this guide, including commercial publication, will be explored.

A formal pretest of the draft user guides will be conducted at AIR. Representatives from at least three distinct groups of potential users of consumer protection information will be asked to furnish structured reactions to the guides. These groups include: (a) institutional administrative personnel; (b) regulatory body personnel; and (c) students, parents, and school counseling and guidance personnel (secondary and postsecondary). Feedback obtained from these individuals will be used to revise the guides before they are printed in final draft form.

LIMITATIONS

Several obvious limitations of the study as presently outlined should be made explicit. First, and most important, it is unrealistic to expect that the problem of lack of communication and coordination among the diverse array of agencies and groups involved in educational consumer protection can be resolved in the time available to this project. AIR staff feel that USOE, by sharing through its AIES a common core of descriptive, process-oriented institutional data such as we have outlined, will receive and will have a mechanism for further sharing more information from other parties outside USOE. This is nothing more than a reasoned judgment on our part. To improve the sharing process, AIR staff will make suggestions about possible formal mechanisms which might be developed, such as periodic training conferences on the topic of sharing consumer protection data, technical assistance efforts, and newsletters.

Second, we have suggested no formal auditing system for the consumer protection data collection and dissemination mechanism. We have suggested a system of self-auditing and potential auditing by the regulatory users of the data. In other words, USOE would be in the position of saying to the states, private accrediting bodies, USOE administrators, etc., that "these are the data as reported and verified by the institutions themselves; if you are going to use them in any regulatory or early warning sense, you need to check their accuracy yourselves." Given the present distaste and lack of support evident for further formal guidelines and regulations, in government generally and in postsecondary education specifically, we feel that this is an entirely reasonable and potentially productive position. The responses of consumers, using a non-regulatory approach, and the responses of postsecondary institutions themselves, will dictate the success of this project. Ultimately, a responsive position is of benefit to both students and schools, lest the Congress tire of constant negative publicity and drastically curtail the student assistance programs. Hopes for immediate positive responses must be tempered by reality, however: one only needs to ponder the success of printed hazard warnings in limiting cigarette sales.

Third, it must be recognized that the outcome of this study will be a preliminary, partially-validated data collection and dissemination mechanism. To be seriously considered as input for any regulatory approach, the mechanism should undergo a much more extensive (3-5 year) period of empirical validation and refinement. The primary goal of this longer run validation would be to test the degree to which the data could identify in advance institutions which later come to be viewed by authorities as abusive.

Fourth, certain types of schools, such as correspondence schools, postgraduate institutions, professional schools, etc., are not going to be included in the population of schools to which this data collection and dissemination system will be addressed. Although some overlap will no doubt occur, no claims for complete institutional coverage are made.

Fifth, this study is directed toward institutional abuse of the student consumer. In making this statement, we fully realize that in the past students have deliberately abused schools and the state and federal assistance programs. We feel that studies addressing these problems have deservedly received lower priority.

Finally, we do not view this project as the definitive effort in educational consumer protection. We are aware of and hope to work with and complement other important efforts in this area. We will always welcome constructive criticism and comment on this study design and analysis plan.

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Attachments

Attachment A

Research Advisory Panel

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Baltimore, Maryland 21240

* Ms. Daley was unable to attend the first Panel meeting.

Attachment B

Types of Complaints in
AIES Complaint Files
(in order of frequency)

Sample size: 115

Sample of classifiable student complaints: 105

Many students complained of several facets of a school's operation; therefore incidents collected from the 105 complaint descriptions total 242.

1. Thirty-seven complaints concerned lack of tuition and fee refunds or refund policies. Examples are:

   a. S was told by the school that there was a refund policy if S was dissatisfied after three months and that her loan was 100% transferrable to another school. The refund period was, in fact, only one week.

   b. S was due to be drafted at the time he considered enrolling in school. The school representative assured S that the school could get him deferred, so he enrolled. But he received his induction notice soon thereafter, and informed the school immediately. He was refunded only $25 of the $175 tuition.

   c. S provided written notice that she was dropping out of the program for personal reasons. The director assured her that she would lose her $50 down payment only. She was billed for $417.

   d. S was advised that she could drop the program after five days and lose only $25 and that her loan would be stopped. She later received a bill from the bank for $181 owed it.

   e. S notified the school in writing that she did not desire to enter classes and that a refund was requested. S said her contract entitled her to a rebate but she hadn't received it yet.

2. Thirty-six complaints concerned misleading recruiting practices. Examples are:

   a. S was promised by the school sales representative that the school was equipped to teach mechanical drafting. When S began classes, he found the instruction to be in architectural drafting with no other drafting courses available.

   b. The school told S that for every new student recruited by a current student, the current student would get four units of course credit. Also, if a new student brought four friends with him, he would not have to pay tuition.

   c. The school has dropped an airline course, but is still enrolling students in the course and then informing them that it has been dropped.

   d. The sales representative quoted starting salaries in the field as higher than they actually were, and said that jobs were easy to find when in fact they were not.

   e. The sales representative said he was from the Veterans Administration and it was his job to help veterans further their education. He offered S's wife a job locating veterans in the phone book.

3. Thirty-one complaints concerned inadequate instructional programs. Examples are:

   a. S's first quarter courses were very elementary and S was dissatisfied. The computer lab consisted of "a few typewriters and two keypunches," and instruction in computer operation was not included as part of the course.

   b. The school was supposed to provide full-time day classes in progamming. The class in programming was in fact offered three nights a week.

   c. S felt that the school was teaching her about office machines during the first three months of the course and that this left too much information to be learned in the second three months.

   d. The secretarial course did not include accounting and only very little bookkeeping.

   e. Home study lessons were inflated, repetitious, sometimes trivial and offered little preparation for field training.

4. Twenty-six complaints concerned inadequate instructional staffs. Examples are:

   a. The teacher appeared never to have been an auto mechanic and would read to the class from a manual.

   b. The teacher taught "above his student's heads." He would assign reading from the required texts and never discuss the material in class.

   c. S attended early sessions of the class but dropped out because the teacher "didn't know what she was talking about."

   d. Instructors were generally hostile and were unwilling to provide individual assistance.

   e. Instructors paid little attention to the way answers were written, though this was supposed to be an important part of the course of instruction.

5. Twenty-six complaints concerned lack of necessary disclosure in written documents. Examples are:

   a. S missed "a few classes" and was informed that she had been dropped from the school. No policy on absenteeism had been announced.

   b. S signed a promissory note but it said nothing about the bank carrying the loan.

   c. S was given her course schedule, which did not list her homeroom class. She was unaware of the class and so didn't attend it. After two weeks, she was informed that she would not be credited with attending school for that period.

   d. S registered for a course costing $655. Within a month, the school informed S that the price had increased and that he was obligated to pay the increase.

   e. The contract stated that dismissal was to occur only for violating rules of attendance and conduct in class. S did not violate any of these rules; he couldn't learn as fast as the instructors wanted, but was dismissed nevertheless.

6. Twenty complaints concerned inadequate instructional equipment and facilities. Examples are:

   a. The school was overenrolled with students on loans, so classes were crowded and restroom facilities inadequate; also laboratory materials were inferior.

   b. S couldn't continue her accounting courses because the books were not available.

   c. S found that the school did not have necessary electronics lab equipment, as represented.

   d. Equipment was inadequate for the number of students in class; also, it was "defective."

   e. The only equipment available was a tune-up machine and one old auto engine for demonstrations.

7. Twenty complaints concerned lack of adequate job placement and follow-through. Examples are:

   a. S requested assistance from the school (promised in the catalog) in getting a full-time job. The school felt that since S had a part-time job, they had no obligation in this area.

   b. The school placement director had little experience in placement or in the computer field. S was told to prepare a resume indicating that he wanted a data processing position, though he was trained in programming and felt the two areas were not the same.

   c. S was promised a job within three to four weeks of arriving at the school. When he arrived, he was told that he would have to wait two to three months.

   d. Though the training offered by the school was in medical assisting, the job leads they offered S were only for typing jobs.

   e. The school was supposed to provide placement assistance so S could get a job while there. They provided a newspaper and left S on his own to find a job.

8. Nine complaints concerned lack of adequate student selection/orientation practices. Examples are:

   a. S has had only a ninth grade education but was not asked about her previous education when she enrolled.

   b. The school was enrolling students without the ability to benefit from training offered. S was enrolled by a school salesman without any interviewing or testing. Later he was tested with the following results: moderately retarded, hearing, speech, and coordination problems, and a reading problem.

   c. S was told that the school enrolled only students with aptitude in the area, but S found students in her classes who did not speak English.

   d. S was given a short test on the basis of which the school said she could do the work. She spent nine months in classes which were too difficult for her.

   e. Classes were below S's level. There was minimal counseling available.

9. Nine complaints concerned lack of adequate housing facilities. Examples are:

   a. Housing was filthy, and S couldn't move without being dismissed from school.

   b. S was accosted by two men in the school-operated dormitory.

   c. Housing was poor: thievery, dope raids by police, and minimal recreational facilities. Also plumbing did not work properly, and the smoke residue from a fire in the building had not been cleaned up.

   d. S was promised housing which was not provided.

   e. The housing arrangement was supposed to be four to an apartment; there were in fact six in each.

10. Eight complaints concerned untrue or misleading advertising. Examples are:

   a. S saw ads for a data processing course being offered by the school, but when she went to enroll, she was told that the course was not available and that she should enroll in programming instead.

   b. The school provided misleading promotional material regarding the type of position for which training qualified a graduate, the availability of job interviews at the school, and the availability of airline jobs to graduates.

   c. School literature said S would have extensive experience in a truck simulator. He received less than one minute in the simulator.

   d. The sales pamphlet promised 3 educational advisors, 11 faculty, and many part-time instructors. There was in fact only one instructor for the entire class of 62.

   e. The school pamphlet said that the school was accredited, that teachers were well qualified, and that the school had special training labs with closed circuit TV and other equipment. None of this was true.

11. Seven complaints concerned lack of adequate recordkeeping practices. Examples are:

   a. S received a bill for a loan that the school said had been cancelled. The school couldn't find S a job so they refunded his $50 fee the next day and told him the loan and admission papers were cancelled; yet he later received a letter from the school stating that he had been attending school and was financially responsible.

   b. S completed his course but didn't receive his diploma. After some correspondence, they sent him a diploma in General Accounting, but did not want to issue a CPA diploma because they had lost his records.

   c. The school mistakenly enrolled a practicing attorney in a course designed for undergraduates.

   d. S mailed a reinstatement form in with a home study lesson, seeking to be officially reinstated in the course. He received grades on the lesson but no acknowledgement of receipt of the form.

   e. S's course was terminated by the school, and when he contacted them they couldn't find his records or answer his questions.

12. Seven complaints concerned instability of instructional staff. Examples are:

    a. S received excellent grades in math but was unable to continue in this area "until a new teacher was hired." None was.

    b. The school indicated that it had a complete electronics course with the necessary instructors. S found that there were several changes in instructors while he was enrolled.

    c. S spent several months in her course without a teacher.

    d. S's class had six different instructors in one year, each with a different method of teaching.

    e. The teacher was absent one to two days a week for the first seven weeks of the class.

13. Six complaints concerned misrepresentation with regard to accreditation. Examples are:

    a. The technical school managed to secure Guaranteed Student Loans for some of its students by processing them through an accredited local business school. The technical school itself was never accredited.

    b. Both the school catalog and the sales representative said the school was accredited, but neither explained the type of accreditation or that the school credits would not be accepted at other schools.

    c. Credits from the school were not transferrable even though the sales representative said they were.

    d. The school representative said the school had full accreditation as a Florida high school. S found out that this was not true.

Attachment C

AIR-52800-10/75
Experimental Draft
USOE Contract
#300-75-0383

INSTITUTIONAL REPORT FORM

Postsecondary Occupational Training Institution/Program

Name of institution: _____

Location of institution: _____

Name of Training Program (if required): _____

Name of official(s) completing form: _____

Position of official(s): _____

Date(s) of completion: _____

Time of day of completion: From _____ to _____

Improving the Consumer Protection Function in Postsecondary Education
The American Institutes for Research
P.O. Box 1113
Palo Alto, California 94302
Phone (415) 493-3550

Introduction

Please respond to the following questions with regard to the current status of this institution. Unless otherwise indicated, questions about institutional documents and operating practices refer to currently disseminated documents and current prevailing practices. If changes in documents or practices are planned in the near future, please respond as requested, then note the planned changes in the area reserved for questions/comments.

The intent of these questions is to determine as accurately as possible the degree to which this institution functions to protect the consumer rights of its students and prospective students. No institution is perfect in this regard. This project is an attempt to improve the consumer protection function in all postsecondary education institutions.

All responses to this form will be held in strictest confidence. No individual or institution will be identified specifically in any summary or report of the data generated by these responses. An AIR staff person will be present at all times to answer any questions or concerns you may have.

Thank you very much for your assistance.

Refund Policies and Practices

Rationale for this topic: One of the most common sources of student complaints about postsecondary educational experiences is institutional failure to refund tuition and fee payments. Institutions are clearly justified in requiring advance tuition and fee payments and retaining a portion of these payments to cover processing costs in the event a student withdraws for reasonable cause. However, it is generally agreed that all institutions should have a refund policy stating clearly when and under what conditions refunds will be granted and should make timely refunds (without inordinate delay) to students who abide by stated institutional policy. There is less general agreement but strong support for pro rata refund policies, in which students receive a refund equal in proportion to the percentage of instruction they did not receive, minus a fair amount to reimburse institutional processing costs.

1. Does this institution require payment of any of the following fees or charges in advance of matriculation or class attendance? (Check all that apply)

   0 tuition
   0 room and board charges
   0 student activity or registration fees in excess of $50
   0 other student fees in excess of $50

2. Does this institution have a written refund policy? (Check all that apply)

   0 No.
   0 Yes, and it is available for inspection by all students.
   0 Yes, and it is printed in the school catalog.
   0 Yes, and it is distributed at no cost to all enrolled students.
   0 Yes, and it is distributed at no cost to all prospective students.
   0 Other, please describe.

   _____

   _____

Rationale for item 2: The more widely distributed the written refund policy statement, the less likely students and prospective students are to be misled or maintain false expectations. The significance of a "yes" response for school catalog distribution will be evaluated by the degree to which catalogs are made available (see page 13, item 1).

If you checked "no" to item 2 above, skip the following items and go on to the next section.

3. Does this institution's written refund policy specify the following items? (Check all that apply)

   0 Which fees and charges are refundable and which are not.
   0 All conditions which students must meet to obtain refunds.
   0 How to properly apply for a refund.
   0 A pro rata refund formula by which students pay, in effect, only for the instruction they have actually received.
   0 Any non-refundable application processing fee or other types of fee exceeding $50.
   0 The maximum elapsed time between receipt of a valid refund request and the issuance of a refund.
   0 Other, please describe. _____

   _____

4. What is the maximum elapsed time allowed by your institution's refund policy between receipt of a valid refund request and the issuance of a refund? (Check one)

   0 no maximum elapsed time specified
   0 10 days or less
   0 11-15 days
   0 16-25 days
   0 26 days-one month
   0 more than one month

5. Does this institution's refund policy include a provision to the effect that payments which are received by school salespersons or off-campus recruiting agents are automatically refunded unless reaffirmed by the student within a specified time? (Check one)

0 no
0 yes

Rationale for items 3-5: These are aspects of refund policy which may be desirable in certain types of institutions. Students need to know when they qualify for a refund and how they must apply for it. Also, students should be able to assume that institutions will process valid refund requests within a reasonable period of time. Large non-refundable application or processing fees should be avoided if possible and should never be applied without ample advance notice to enrollees and students. Pro rata tuition policies are required for veterans receiving benefits from the Veterans Administration. "Cooling-off" and reaffirmation periods are imposed on vocational training schools in some states to curb the use of "hard sell" techniques by sales representatives.

Recruiting and Admissions Practices

Rationale for this topic: There is a fine line between innovative, active recruiting practices and abusive recruiting practices. The latter are one of the most frequently cited topics of student complaints, yet active recruiting is becoming more and more essential for institutional survival in this time of declining enrollments. The present topic area attempts to inquire about techniques which have a high potential for causing abuse, as judged by common sense, recent literature, and documented student complaints.

1. Does this institution employ salespersons or recruiting agents whose compensation or salary is based wholly or in part on commissions? (Check all that apply)

   0 No.
   0 Yes, based on the number of students they enroll.
   0 Yes, based on the number of students they enroll who actually attend classes.
   0 Yes, based on the number of students they enroll who complete a training program.
   0 Other, please describe. _____

   _____

Rationale for item 1: Salespersons who are compensated by a school according to the number of students they enroll are operating in an incentive structure which encourages them to give out misleading information and encourage unqualified applicants. Certain techniques can be used to at least partially modify this incentive structure.

2. Does this institution have a written policy which governs recruiting and admissions practices? (Check all that apply)

- 0 No.
- 0 Yes, and it is available for inspection by all students.
- 0 Yes, and it is printed in the school catalog.
- 0 Yes, and it is distributed at no cost to all enrolled students.
- 0 Yes, and it is distributed at no cost to all prospective students.
- 0 Other, please describe. _____

_____

Rationale for item 2: The more widely distributed the written recruiting and admissions policy statement, the less likely students and prospective students are to be misled or maintain false expectations. The significance of a "yes" response for school catalog distribution will be evaluated by the degree to which catalogs are made available (see page 13, item 1).

If you checked "no" to item 2, go on to item 4.

3. Does this institution's written recruiting and admissions policy specify the following items? (Check all that apply)

   - 0 A code of ethical practices which lists proscribed recruiting techniques.
   - 0 A requirement that prospective students visit the institution prior to enrolling.
   - 0 The completion of a signed enrollment agreement which describes costs, payment requirements, and educational services to be provided by the institution.
   - 0 A requirement that enrollments accomplished off-campus by salespersons or recruiting agents be automatically cancelled unless reaffirmed by the student within a specified time.
   - 0 Other, please describe. _____

   _____

4. Does this institution have an "open admissions" policy, i.e., one which states that all applicants will be admitted regardless of qualification? (Check one)

0 No. (Qualifications are imposed.)

0 Yes. (No special qualifications are imposed.)

0 Yes, except that a high school diploma, or its equivalent, or a minimum age, is required.

0 Other, please describe. _____

_____

Rationale for item 4: If an institution has an essentially "open" admission policy, then it should also have certain admissions procedures to assist students who may be underqualified to seek out and utilize remedial services. Failure to do so is taking unfair advantage of underqualified students in the pretense of "giving them an opportunity." The next item asks about these procedures.

If you checked "no" to item 4, go on to the next section.

5. If this institution has an "open admissions" policy, does it have the following services for entering students? (Check all that apply)

0 An admissions placement test that can be used to assign students to at least two different course options.

0 Course offering remedial instruction in basic English.

0 Courses offering remedial instruction in basic mathematics.

0 Advanced placement for students who have previous related training or experience.

0 Other, please describe. _____

_____

Instructional Programs

Rationale for this topic: There is no intent in this section to gather indicators of the "quality" of an institution's instructional program. This is a complicated task better handled by the accreditation and approval process. The intent of this section is to gather descriptive indicators of institutional practices which are viewed as essential for the maintenance and improvement of quality. In the occupational/vocational area, students (and employers) generally expect training to result in certain very specific skill outcomes. If the institution does not take definite steps to see that these outcomes are achieved in its graduates, it is in danger of malpractice. We have no definitive catalog of such steps (if we did, we would start a school); we have included practices about which there is general agreement.

1. Does this institution maintain advisory committees on curriculum content which include representatives of potential employers? (Check one)

   0 No.

   0 Yes, for some of the occupational/vocational training program areas offered at this institution.

   0 Yes, for all occupational/vocational training program areas offered at this institution.

Rationale for item 1: Institutions lacking such advisory bodies tend to insulate themselves and their curricula from current practices and technology in business, industry, and government; in so doing they jeopardize the chances of their students for placement in jobs appropriate to the type of training which they have completed.

2. If employment in a particular occupation requires it, do this institution's instructional programs in that occupational area provide for the following? (Check all that apply)

- 0 specialized/professional accreditation
- 0 training on the use of the basic tools and equipment of the occupation
- 0 internships and/or supervised practice on the job or in simulated job situations
- 0 instruction on topics required for state or professional certification (in the state in which this institution is located)
- 0 Other, please describe. _____

_____

Rationale for item 2: One of the most common topics of consumer complaints is the fact that their training did not satisfactorily prepare them for the job. The above items include some of the often-essential ingredients of training which, if lacking, represent consumer abuse on the part of the institution.

3. How frequently does this institution require reviews of the relevance and timeliness of its occupational/vocational training curricula? (Check <u>one</u>)

- 0 Yearly or more often.
- 0 Once every two years.
- 0 Every three years or less frequently.
- 0 No regular curriculum reviews are performed as a matter of institutional policy.

Rationale for item 3: In the occupational/vocational training area, relevance and timeliness of training content are essential, lest students acquire irrelevant or outdated skills. Failure to perform frequent curriculum reviews constitutes professional negligence.

Instructional Staff

Rationale for this topic: Unqualified and unmotivated staff provoke many student complaints; but the determination of staff qualifications and motivation, like the determination of quality of institutional program, is problematic. As with instructional program, however, there appear to be certain steps which can be taken to evaluate and improve instructional staff. All institutions should carry out such steps as a matter of institutional policy.

1. Does this institution provide for student evaluation of each teaching faculty member at least once each calendar year? (Check all that apply)

   0 No.
   0 Yes, for each part-time teaching faculty member.
   0 Yes, for each full-time teaching faculty member.
   0 Other, please describe. _____

   _____

2. Is teaching competence (no matter how it is evaluated) included as one criterion in the formal salary and/or tenure review policies of this institution? (Check one)

   0 No.
   0 Yes.
   0 There is no formal salary/tenure review policy at this institution.

3. By whom is teaching competence evaluated at this institution? (Check all that apply)

   0 By administrative staff.
   0 By other faculty of the same department or program.
   0 By students.

0 By graduates.

0 By self-rating.

0 Other, please describe. _____

_____

Rationale for item 3: If evaluations of faculty teaching competence are performed by administrative staff alone, the consumer's perspective is probably being given short shrift.

Disclosure in Written Documents

Rationale for this topic: Lack of adequate disclosure by an institution can be intentional or unintentional. If it is intentional and students are misled as a result, the result is consumer abuse. Much more common are situations in which lack of adequate disclosure is unintentional, and students make important educational decisions based on faulty or no information. Student anger when the true facts become known is no less justified under these circumstances than under circumstances of intentional abuse. All institutions should, as a routine policy, disclose certain important facts, both to prospective enrollees and already enrolled students. Nor should students have to exert unreasonable effort to seek out these facts; they should be written clearly, in common English, and handed, free, to all. Truly adequate disclosure by postsecondary institutions would go far toward eliminating the need for most formal consumer protection mechanisms.

1. What are this institution's policies for distributing its catalog or general public information document? (Check one)

   0 It is given free of charge to all students and interested parties on request.

   0 It is provided to all parties upon payment of a nominal fee not exceeding $1.

   0 It is provided to all parties upon payment of a fee exceeding $1.

   0 One copy is given free of charge to all enrolled students, but other parties and students who request more than one copy are charged a nominal fee.

   0 It is not normally distributed but is available for inspection at a central location.

   0 There is no catalog or general public information document.

   0 Other, please describe. _____

   _____

If there is no catalog or general public information document, please go on to item 3.

2. Does this institution disclose the following types of information in its catalog or general public information document? (Check all that apply)

- 0 Name and address of school.
- 0 Date of publication of document.
- 0 Indication of state licensing to operate.
- 0 Recognition by a state agency as meeting established educational standards and other related criteria.
- 0 Official accreditation status currently held through recognized accrediting agencies.
- 0 A statement of the accredited status of each program, if only some programs are accredited.
- 0 Limitations or sanctions imposed by accrediting associations or agencies or state approval agencies.
- 0 A statement of institutional philosophy.
- 0 A brief description of the school's physical facilities.
- 0 A listing of those courses actually offered including information on when they will be conducted in the future.
- 0 A listing of faculty who currently teach, including their education and, if relevant, experience.
- 0 Policies and procedures regarding transfer of credits from or to other institutions.
- 0 Educational objectives of each course, including the name, nature, and level of occupations for which training is provided.
- 0 Number of hours of instruction in each course and length of time in hours, weeks or months normally required for completion.
- 0 Summary of amount and types of equipment to be used in each course.
- 0 The maximum or usual class size of each course.
- 0 For each occupational training course, any standard limitations on employment opportunities (e.g., medical requirements, licensing, apprenticeship, union membership, age, experience, graduation from specific courses, etc.).
- 0 Scope and sequence of required courses in a program.

Policies relating to:

- 0 tardiness
- 0 absences
- 0 make-up work
- 0 student conduct
- 0 termination
- 0 re-entry after termination
- 0 other rules and regulations on attendance

- 0 Grading system, including a definition of ratings, credits, and units, if any.
- 0 Requirements for graduation.
- 0 Statement of certificates, diplomas, or degrees awarded upon graduation.
- 0 Statement of all charges for which a student may be responsible (e.g., tuition, enrollment fees, books and supplies, tools and equipment, room and board, transportation, library fees, health insurance, laboratory fees, athletic department fees, etc.).
- 0 Financial aid programs actually available to students including any limitations on eligibility.
- 0 Description of the extent of part-time or full-time job placement assistance, if any, available to students and/or graduates.

  Specifics describing the availability and extent of student services, such as:

  - 0 housing
  - 0 dining
  - 0 counseling
  - 0 parking

  School calendar including beginning and ending dates of classes and programs, holidays, and other dates of importance.

  Other, please describe. _____

  _____

3. If increases in any student fees in excess of $25 are planned within the next year, are they disclosed in writing to all students and prospective enrollees? (Check <u>one</u>)

   - 0 no
   - 0 yes

Rationale for item 3: If students are going to be subjected to a substantial increase in fees, they should be given adequate warning.

4. Do all applicants for student loans at your institution receive printed documents which disclose the following? (Check all that apply)

- 0 Their personal repayment obligations.
- 0 The process for repayment of the loan.
- 0 The effective annual loan interest rate.
- 0 The length of time required for repayment.
- 0 The procedure for renegotiating the repayment schedule for the loan.
- 0 Procedures for deferrment or cancellation of portions of the loan, if applicable.
- 0 Other, please describe. _____

_____

Rationale for item 4: Institutions that fail to provide adequate information to students regarding their financial obligations increase the probability that these students may renege on their responsibilities after they are out from under the direct control of the institutions.

Student Selection and Orientation

Rationale for this topic area: Institutions have a responsibility to engage in certain affirmative disclosure practices to insure that enrolled students are aware of their rights and responsibilities.

1. Does this institution conduct an on-going program of orientation for newly enrolled students?

   0 no
   0 yes

If you answered "no," go on to the next section.

2. Does this student orientation include the following? (Check all that apply)

   0 An orientation newsletter or handbook.
   0 Oral or written presentations by students who have been enrolled for one year or more.
   0 Instructions on how and where to voice complaints and grievances.
   0 Availability of student financial aid.
   0 Other, please describe. _____

   _____

Instructional Equipment and Facilities

Rationale for this topic area: Some schools impose outdated or improperly functioning equipment on their students. This affects how adequately graduates are prepared for employment once they complete their instructional programs. Some schools start new programs but fail to purchase the amount and type of equipment needed to run the program. Both types of practice are abusive.

1. Does this institution maintain advisory committees on instructional equipment and facilities which include representatives of potential employers? (Check one)

   0 No.
   0 Yes, for some of the occupational/vocational training program areas offered at this institution.
   0 Yes, for all occupational/vocational training program areas offered at this institution.

2. Does this institution annually budget and expend funds for replacing worn or outdated instructional equipment? (Check one)

   0 no
   0 yes

3. Does this institution annually budget and expend funds for new instructional equipment sufficient to meet projected program needs? (Check one)

   0 no
   0 yes

Job Placement Services and Follow-Through

Rationale for this topic area: Two related topic areas are actually covered here. If institutions do not claim to offer placement assistance, it is of course not mandatory that they do so. If placement assistance is offered, it should consist of certain essential services lest it be nothing more than a shoddy sales gimmick. Regardless of whether or not placement assistance is offered, follow-through (on follow-up of graduates and alumni) is essential as a method for evaluating the relevance and effectiveness of an institution's occupational training programs.

1. Does this institution claim to offer placement services or assistance in any of its advertising or general public information documents? (Check one)

   0 No.
   0 Yes, for a fee.
   0 Yes, for free.

If you checked "no" to item 1, go on to item 4.

2. Does the placement assistance offered by this institution include the following aspects? (Check all that apply)

   0 Assistance in preparing a resumé.
   0 Formal training in job-seeking and job-holding skills
   0 Contacting prospective employers and making job interview appointments for students.
   0 Referral to a commercial placement service.
   0 Collation and distribution of "Help Wanted" ads from a newspaper.
   0 Assistance in finding part-time jobs.
   0 Other, please describe. _____

_____

Rationale for item 2: Any genuine placement service performs at least the minimal functions of job development (contacting prospective employers regarding possible openings), training in job seeking and maintenance skills, and scheduling interviews for students, for both part-time and full-time jobs. Any placement service which does not perform these functions is in danger of being a charade.

3. Who is eligible for the placement assistance offered by this institution? (Check all that apply)

   0 Currently enrolled part-time students.
   0 Currently enrolled full-time students.
   0 Former students who did not graduate.
   0 Recent graduates (within one year of graduation).
   0 Any graduates.
   0 Other, please describe. _____

   _____

Rationale for item 3: None of these persons should be excluded from placement assistance unless the exclusion is clearly disclosed in the institution's catalog or other public documents.

4. Does this institution regularly collect data on employment success (however defined) from the following sources? (Check all that apply)

   0 Former students who did not graduate.
   0 Recent graduates (within one year of graduation).
   0 Employers of recent graduates.
   0 Other, please describe. _____

   _____

Rationale for item 4: With the efficiency of modern sampling and follow-through techniques, even lack of a large budget is no excuse for not trying to collect some data on the ultimate desired outcome of occupational training programs: employment success.

Advertising Practices

Rationale for this topic: More and more schools are using advertising as a technique to increase enrollments. Abusive advertising occurs when false, misleading, or unsubstantiated claims are made, whether or not the abuse is intentional. All institutions which use the public media in attempting to attract students should be aware that certain specific practices (which are in fact illegal in a number of states) involve a potential for abuse. If the institution chooses to use them anyway, regulatory bodies and consumers should be made aware of the fact.

1. Does this institution use the following advertising techniques? (Check all that apply)

   0 Classified ads in the "Help Wanted" section of the newspaper.

   0 "Talent" searches or other pseudo contests.

   0 Testimonials or endorsements by persons who were not, in fact, trained at this institution.

   0 Offers of limited time "discounts" on fees for tuition, room and board charges, etc.

   0 Other, please describe. _____

   _____

2. Does this institution make the following claims in any of its advertising? (Check all that apply)

   0 Completing the education or training offered guarantees employment.

   0 Completing the education or training offered is likely to lead to employment.

   0 There are connections between this institution and business, industry, or government employers which result in special consideration for graduates.

   0 Scholarships or other forms of no-cost financial assistance are available when in fact none have been awarded during the past year.

0 Recognized experts or other types of well-known persons are on the faculty when in fact they have no teaching responsibilities.

0 Other, please describe. _____

_____

3. Does the chief executive officer of this institution (licensed director, etc.) review advertising copy before it is released? (Check one)

0 No.

0 Yes, some or most of it.

0 Yes, all of it.

Rationale for item 3: The director of an institution should be responsible for the practices of that institution. If advertising is released without the director's review, especially by personnel who stand to gain from increased enrollment, there is a higher probability that misleading advertising will result.

Recordkeeping Practices

Rationale for this topic: Institutions which do not adequately maintain student records in a central location make it extremely difficult for current and former students to access them when there is a need to do so. Moreover, if an institution should cease operations, lack of a record maintenance policy can cause great inconvenience and even abuse of current and former students.

1. Are individual student records maintained which contain the following items? (Check all that apply)

   0 Total fees paid by the student.
   0 Courses taken and completed by the student.
   0 Class attendance history in all courses.
   0 Academic credits, grades, earned by the student.
   0 Financial aid amounts, including loans, if any, received by the student.
   0 Other, please describe. _____

   _____

2. Does this institution have a written policy for maintaining individual student records in the event of a closure or change in ownership or control status? (Check all that apply)

   0 No.
   0 Yes, but it does not insure direct student access for a period of at least 2 years following closure.
   0 Yes, and it insures direct student access for a period of at least 2 years following closure.
   0 Yes, and it is available in writing to all enrolled students.
   0 Other, please describe. _____

   _____

Stability of Instructional Staff

Rationale for this topic: One of the most disturbing educational experiences is the turnover of instructional staff during a course. Each turnover causes extreme disruption and loss of essential continuity. Furthermore, excessive staff instability is no doubt an indicator of deeper troubles in an institution.

1. During the previous calendar year, in how many courses offered by your institution was the instructor replaced after instruction had begun? (Fill in the number)

   _____ courses

2. This represented what percentage of the total number of courses offered during this calendar year? (Fill in the number)

   _____ percentage

3. In any courses offered during the previous calendar year, was the instructor replaced twice or more often? (Check one)

   0 no
   0 yes

Representation of Chartered, Approved, or Accredited Status

Rationale for this topic: Students should be accurately informed about the actual status of an institution with regard to chartering, approval, accreditation, and any pending legal actions. It is the responsibility of the institution to provide and not to misrepresent this information.

1. Is your institution currently on suspension, probabion, or some other form of sanction for noncompliance with designated standards, by any of the following? (Check all that apply)

   0 a local agency (e.g., Consumer Protection Agency, Better Business Bureau)
   0 a state agency (e.g., State VA Approval Agency, Attorney General)
   0 a federal government agency (e.g., Federal Trade Commission)
   0 a private accrediting agency or body
   0 other, please describe _____

   _____

If you did not check any of the above, go on to item 3.

2. Is (Are) the fact(s) of the above sanction(s) publicly disclosed to enrolled students and potential students? (Check all that apply)

   0 No.
   0 Yes, but not in writing.
   0 Yes, in writing to all enrolled students.
   0 Yes, in writing to all applicants.
   0 Other, please describe. _____

   _____

Rationale for item 2: Institutions that have such sanctions imposed rarely publicly disclose the fact, nor do they give out information on the conditions or practices which led to the sanctions. Although there is the chance that the sanctions were imposed unjustifiably and an institution may therefore be going through due process in an attempt to have them removed, it is possible that the sanctions were imposed for good reason. The facts of the sanction should be made available to students and potential enrollees.

3. Do the public representations of this institution clearly distinguish between institutional and specialized program accreditation, state VA-approving agency course approval, and state licensing and chartering? (Check one)

   0 no
   0 yes

Rationale for item 3: Institutions sometimes intentionally misrepresent their status by inferring it is more comprehensive or prestigious than in fact. Distinctions among the above statuses should always be made clear.

Financial Stability

Rationale for this topic: As many regulatory bodies have discovered too late, it is very difficult to either measure or guard against financial instability in a postsecondary institution. However, certain practices are more likely than others to insure that institutions do not close down, leaving students with no recourse. Regulatory bodies should know about the practices of institutions for which they are responsible; consumers should also be aware of these practices.

1. Are the financial records and reports of this institution subjected to the following audits or inspections? (Check all that apply)

   0 Annual uncertified audit by an accounting firm.
   0 Annual certified audit by an accounting firm.
   0 Inspection by any state regulatory agencies.
   0 Inspection by any federal regulatory agencies.
   0 Other, please describe. _____

   _____

2. Does this institution have an endowment or retained earnings fund to pay operating expenses not covered by student tuition receipts? (Check one)

   0 no
   0 yes

Rationale for item 2: Institutions which do not have such financial resources are forced to rely too heavily on income from tuition to meet their cash flow needs. When tuition ebbs and flows as it always does, these schools "teeter on the brink of financial disaster"; indeed, the inability to get through a dry period of tuition inflow has caused many school closures.

3. Do the financial reporting practices of this institution report unearned tuition as assets:

0 no
0 yes

Rationale for item 3: This is a no-no.

4. Is this institution currently engaged in bankruptcy proceedings or does it currently plan to enter into formal bankruptcy proceedings during the next 12 months?

0 no
0 yes

Rationale for item 4: Schools that are failing financially will typically not publicize this fact to students until the actual date they close operations. Not knowing the financial problems of their school in advance of a closing date, students will assume mistakenly that the school is operationally stable and may make long term financial and other commitments based on that assumption.

If you answered "no" to item 4, go on to the next section.

5. Does this institution publicly disclose information about bankruptcy proceedings that are underway or planned?

0 no
0 yes

Experimental Items

The following items are asked in an attempt to gather data which will be useful in validating some of the indicators previously collected.

Please answer each to the best of your knowledge. Exact numbers are not required.

1. What is the average dropout rate of entering students during their first year of enrollment?

   _____ percent of initial first-year enrollment

How do you estimate this rate?

2. What is the average placement rate for occupational program graduates in training-related jobs during the first year after graduation?

   _____ percent of graduates

   _____ percent of graduates who sought employment

How do you estimate these rates?

3. What percentage of the currently enrolled student body is receiving the following benefits?

   _____ percent receiving Federally Insured Student Loans (FISL)

   _____ percent receiving state Guaranteed Student Loans (GSL)

   _____ percent receiving Veterans Administration Benefits

   _____ percent receiving Basic Educational Opportunity Grants

   _____ percent receiving loans or benefits other than the above

How do you estimate the above percentage(s)?

4. What was the average student loan default rate during the past calendar year?

_____ percent of total FISL recipients were reported as being in default

_____ percent of total GSL recipients were reported as being in default

How do you estimate the above percentage(s)?

Attachment D

AIR-52000-10/75
Experimental Draft
USOE Contract
#300-75-0353

INSTITUTIONAL REPORT FORM

Degree-Granting Institution of Higher Education

Name of institution: _____

Location of institution: _____

Type of institution: _____

Name of official(s) completing form: _____

Position of official(s): _____

Date(s) of completion: _____

Time of day of completion: From _____ to _____

Improving the Consumer Protection Function in Postsecondary Education
The American Institutes for Research
P.O. Box 1113
Palo Alto, California 94302
Phone (415) 493-3550

Introduction

Please respond to the following questions with regard to the current status of this institution. Unless otherwise indicated, questions about institutional documents and operating practices refer to currently disseminated documents and current prevailing practices. If changes in documents or practices are planned in the near future, please respond as requested, then note the planned changes in the area reserved for questions/comments.

The intent of these questions is to determine as accurately as possible the degree to which this institution functions to protect the consumer rights of its students and prospective students. No institution is perfect in this regard. This project is an attempt to improve the consumer protection function in all postsecondary education institutions.

All responses to this form will be held in strictest confidence. No individual or institution will be identified specifically in any summary or report of the data generated by these responses. An AIR staff person will be present at all times to answer any questions or concerns you may have.

Thank you very much for your assistance.

Refund Policies and Practices

Rationale for this topic: One of the most common sources of student complaints about postsecondary educational experiences is institutional failure to refund tuition and fee payments. Institutions are clearly justified in requiring advance tuition and fee payments and retaining a portion of these payments to cover processing costs in the event a student withdraws for reasonable cause. However, it is generally agreed that all institutions should have a refund policy stating clearly when and under what conditions refunds will be granted and should make timely refunds (without inordinate delay) to students who abide by stated institutional policy. There is less general agreement but strong support for pro rata refund policies, in which students receive a refund equal in proportion to the percentage of instruction they did not receive, minus a fair amount to reimburse institutional processing costs.

1. Does this institution require payment of any of the following fees or charges in advance of matriculation or class attendance? (Check all that apply)

   0 tuition
   0 room and board charges
   0 student activity or registration fees in excess of $50
   0 other student fees in excess of $50

2. Does this institution have a written refund policy? (Check all that apply)

   0 No.
   0 Yes, and it is available for inspection by all students.
   0 Yes, and it is printed in the school catalog.
   0 Yes, and it is distributed at no cost to all enrolled students.
   0 Yes, and it is distributed at no cost to all prospective students.
   0 Other, please describe. _____

Rationale for item 2: The more widely distributed the written refund policy statement, the less likely students and prospective students are to be misled or maintain false expectations. The significance of a "yes" response for school catalog distribution will be evaluated by the degree to which catalogs are made available (see page 13, item 1).

If you checked "no" to item 2 above, skip the following items and go on to the next section.

3. Does this institution's written refund policy specify the following items? (Check all that apply)

   0 Which fees and charges are refundable and which are not.
   0 All conditions which students must meet to obtain refunds.
   0 How to properly apply for a refund.
   0 A pro rata refund formula by which students pay, in effect, only for the instruction they have actually received.
   0 Any non-refundable application processing fee or other types of fee exceeding $50.
   0 The maximum elapsed time between receipt of a valid refund request and the issuance of a refund.
   0 Other, please describe. _____

   _____

4. What is the maximum elapsed time allowed by your institution's refund policy between receipt of a valid refund request and the issuance of a refund? (Check one)

   0 no maximum elapsed time specified
   0 10 days or less
   0 11-15 days
   0 16-25 days
   0 26 days-one month
   0 more than one month

5. Does this institution's refund policy include a provision to the effect that payments which are received by school salespersons or off-campus recruiting agents are automatically refunded unless reaffirmed by the student within a specified time? (Check one)

0 no
0 yes

Rationale for items 3-5: These are aspects of refund policy which may be desirable in certain types of institutions. Students need to know when they qualify for a refund and how they must apply for it. Also, students should be able to assume that institutions will process valid refund requests within a reasonable period of time. Large non-refundable application or processing fees should be avoided if possible and should never be applied without ample advance notice to enrollees and students. Pro rata tuition policies are required for veterans receiving benefits from the Veterans Administration. "Cooling-off" and reaffirmation periods are imposed on vocational training schools in some states to curb the use of "hard sell" techniques by sales representatives.

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Rationale for this topic: There is a fine line between innovative, active recruiting practices and abusive recruiting practices. The latter are one of the most frequently cited topics of student complaints, yet active recruiting is becoming more and more essential for institutional survival in this time of declining enrollments. The present topic area attempts to inquire about techniques which have a high potential for causing abuse, as judged by common sense, recent literature, and documented student complaints.

1. Does this institution employ salespersons or recruiting agents whose compensation or salary is based wholly or in part on commissions? (Check all that apply)

   0 No.
   0 Yes, based on the number of students they enroll.
   0 Yes, based on the number of students they enroll who actually attend classes.
   0 Yes, based on the number of students they enroll who complete a training program.
   0 Other, please describe. _____

   _____

Rationale for item 1: Salespersons who are compensated by a school according to the number of students they enroll are operating in an incentive structure which encourages them to give out misleading information and encourage unqualified applicants. Certain techniques can be used to at least partially modify this incentive structure.

2. Does this institution have a written policy which governs recruiting and admissions practices? (Check all that apply)

0 No.
0 Yes, and it is available for inspection by all students.
0 Yes, and it is printed in the school catalog.
0 Yes, and it is distributed at no cost to all enrolled students.
0 Yes, and it is distributed at no cost to all prospective students.
0 Other, please describe.

_____

_____

Rationale for item 2: The more widely distributed the written recruiting and admissions policy statement, the less likely students and prospective students are to be misled or maintain false expectations. The significance of a "yes" response for school catalog distribution will be evaluated by the degree to which catalogs are made available (see page 13, item 1).

If you checked "no" to item 2, go on to item 4.

3. Does this institution's written recruiting and admissions policy specify the following items? (Check all that apply)

0 A code of ethical practices which lists proscribed recruiting techniques.
0 A requirement that prospective students visit the institution prior to enrolling.
0 The completion of a signed enrollment agreement which describes costs, payment requirements, and educational services to be provided by the institution.
0 A requirement that enrollments accomplished off-campus by salespersons or recruiting agents be automatically cancelled unless reaffirmed by the student within a specified time.
0 Other, please describe.

_____

_____

4. Does this institution have an "open admissions" policy, i.e., one which states that all applicants will be admitted regardless of qualification? (Check one)

0 No. (Qualifications are imposed.)

0 Yes. (No special qualifications are imposed.)

0 Yes, except that a high school diploma, or its equivalent, or a minimum age, is required.

0 Other, please describe.

_____

_____

Rationale for item 4: If an institution has an essentially "open" admission policy, then it should also have certain admissions procedures to assist students who may be underqualified to seek out and utilize remedial services. Failure to do so is taking unfair advantage of underqualified students in the pretense of "giving them an opportunity." The next item asks about these procedures.

If you checked "no" to item 4, go on to the next section.

5. If this institution has an "open admissions" policy, does it have the following services for entering students? (Check all that apply)

   0 An admissions placement test that can be used to assign students to at least two different course options.

   0 Course offering remedial instruction in basic English.

   0 Courses offering remedial instruction in basic mathematics.

   0 Advanced placement for students who have previous related training or experience.

   0 Other, please describe.

   _____

   _____

Instructional Staff

Rationale for this topic: Unqualified and unmotivated staff provoke many student complaints; but the determination of staff qualifications and motivation, like the determination of quality of institutional program, is problematic. As with instructional program, however, there appear to be certain steps which can be taken to evaluate and improve instructional staff. All institutions should carry out such steps as a matter of institutional policy.

1. Does this institution provide for student evaluation of each teaching faculty member at least once each calendar year? (Check all that apply)

   0 No.
   0 Yes, for each part-time teaching faculty member.
   0 Yes, for each full-time teaching faculty member.
   0 Other, please describe. _____

   _____

2. Is teaching competence (no matter how it is evaluated) included as one criterion in the formal salary and/or tenure review policies of this institution? (Check one)

   0 No.
   0 Yes.
   0 There is no formal salary/tenure review policy at this institution.

3. By whom is teaching competence evaluated at this institution? (Check all that apply)

   0 By administrative staff.
   0 By other faculty of the same department or program.
   0 By students.

0 By graduates.

0 By self-rating.

0 Other, please describe. _____

_____

Rationale for item 3: If evaluations of faculty teaching competence are performed by administrative staff alone, the consumer's perspective is probably being given short shrift.

Disclosure in Written Documents

Rationale for this topic: Lack of adequate disclosure by an institution can be intentional or unintentional. If it is intentional and students are misled as a result, the result is consumer abuse. Much more common are situations in which lack of adequate disclosure is unintentional, and students make important educational decisions based on faulty or no information. Student anger when the true facts become known is no less justified under these circumstances than under circumstances of intentional abuse. All institutions should, as a routine policy, disclose certain important facts, both to prospective enrollees and already enrolled students. Nor should students have to exert unreasonable effort to seek out these facts; they should be written clearly, in common English, and handed, free, to all. Truly adequate disclosure by postsecondary institutions would go far toward eliminating the need for most formal consumer protection mechanisms.

1. What are this institution's policies for distributing its catalog or general public information document? (Check <u>one</u>)

   0 It is given free of charge to all students and interested parties on request.

   0 It is provided to all parties upon payment of a nominal fee not exceeding $1.

   0 It is provided to all parties upon payment of a fee exceeding $1.

   0 One copy is given free of charge to all enrolled students, but other parties and students who request more than one copy are charged a nominal fee.

   0 It is not normally distributed but is available for inspection at a central location.

   0 There is no catalog or general public information document.

   0 Other, please describe. _____

   _____

If there is no catalog or general public information document, please go on to item 3.

2. Does this institution disclose the following types of information in its catalog or general public information document? (Check all that apply)

- 0 Name and address of school.
- 0 Date of publication of document.
- 0 Indication of state licensing to operate.
- 0 Recognition by a state agency as meeting established educational standards and other related criteria.
- 0 Official accreditation status currently held through recognized accrediting agencies.
- 0 A statement of the accredited status of each program, if only some programs are accredited.
- 0 Limitations or sanctions imposed by accrediting associations or agencies or state approval agencies.
- 0 A statement of institutional philosophy.
- 0 A brief description of the school's physical facilities.
- 0 A listing of those courses actually offered including information on when they will be conducted in the future.
- 0 A listing of faculty who currently teach, including their education and, if relevant, experience.
- 0 Policies and procedures regarding transfer of credits from or to other institutions.
- 0 Educational objectives of each course, including the name, nature, and level of occupations for which training is provided.
- 0 Number of hours of instruction in each course and length of time in hours, weeks or months normally required for completion.
- 0 Summary of amount and types of equipment to be used in each course.
- 0 The maximum or usual class size of each course.
- 0 For each occupational training course, any standard limitations on employment opportunities (e.g., medical requirements, licensing, apprenticeship, union membership, age, experience, graduation from specific courses, etc.).
- 0 Scope and sequence of required courses in a program.

Policies relating to:

- 0 tardiness
- 0 absences
- 0 make-up work
- 0 student conduct
- 0 termination
- 0 re-entry after termination
- 0 other rules and regulations on attendance

- 0 Grading system, including a definition of ratings, credits, and units, if any.
- 0 Requirements for graduation.
- 0 Statement of certificates, diplomas, or degrees awarded upon graduation.
- 0 Statement of all charges for which a student may be responsible (e.g., tuition, enrollment fees, books and supplies, tools and equipment, room and board, transportation, library fees, health insurance, laboratory fees, athletic department fees, etc.).
- 0 Financial aid programs actually available to students including any limitations on eligibility.
- 0 Description of the extent of part-time or full-time job placement assistance, if any, available to students and/or graduates.

  Specifics describing the availability and extent of student services, such as:

  - 0 housing
  - 0 dining
  - 0 counseling
  - 0 parking

- 0 School calendar including beginning and ending dates of classes and programs, holidays, and other dates of importance.
- 0 Other, please describe.

_____

_____

3. If increases in any student fees in excess of $25 are planned within the next year, are they disclosed in writing to all students and prospective enrollees? (Check one)

   - 0 no
   - 0 yes

Rationale for item 3: If students are going to be subjected to a substantial increase in fees, they should be given adequate warning.

4. Do all applicants for student loans at your institution receive printed documents which disclose the following? (Check all that apply)

0 Their personal repayment obligations.

0 The process for repayment of the loan.

0 The effective annual loan interest rate.

0 The length of time required for repayment.

0 The procedure for renegotiating the repayment schedule for the loan.

0 Procedures for deferrment or cancellation of portions of the loan, if applicable.

0 Other, please describe.

_____

_____

Rationale for item 4: Institutions that fail to provide adequate information to students regarding their financial obligations increase the probability that these students may renege on their responsibilities after they are out from under the direct control of the institutions.

Student Selection and Orientation

Rationale for this topic area: Institutions have a responsibility to engage in certain affirmative disclosure practices to insure that enrolled students are aware of their rights and responsibilities.

1. Does this institution conduct an on-going program of orientation for newly enrolled students?

   0 no
   0 yes

If you answered "no," go on to the next section.

2. Does this student orientation include the following? (Check all that apply)

   0 An orientation newsletter or handbook.
   0 Oral or written presentations by students who have been enrolled for one year or more.
   0 Instructions on how and where to voice complaints and grievances.
   0 Availability of student financial aid.
   0 Other, please describe. _____

   _____

Job Placement Services and Follow-Through

Rationale for this topic area: Two related topic areas are actually covered here. If institutions do not claim to offer placement assistance, it is of course not mandatory that they do so. If placement assistance is offered, it should consist of certain essential services lest it be nothing more than a shoddy sales gimmick. Regardless of whether or not placement assistance is offered, follow-through (or follow-up of graduates and alumni) is essential as a method for evaluating the relevance and effectiveness of an institution's occupational training programs.

1. Does this institution claim to offer placement services or assistance in any of its advertising or general public information documents? (Check one)

   0 No.
   0 Yes, for a fee.
   0 Yes, for free.

If you checked "no" to item 1, go on to item 4.

2. Does the placement assistance offered by this institution include the following aspects? (Check all that apply)

   0 Assistance in preparing a resumé.
   0 Formal training in job-seeking and job-holding skills
   0 Contacting prospective employers and making job interview appointments for students.
   0 Referral to a commercial placement service.
   0 Collation and distribution of "Help Wanted" ads from a newspaper.
   0 Assistance in finding part-time jobs.
   0 Other, please describe. _____

   _____

Rationale for item 2: Any genuine placement service performs at least the minimal functions of job development (contacting prospective employers regarding possible openings), training in job seeking and maintenance skills, and scheduling interviews for students, for both part-time and full-time jobs. Any placement service which does not perform these functions is in danger of being a charade.

3. Who is eligible for the placement assistance offered by this institution? (Check all that apply)

   0 Currently enrolled part-time students.
   0 Currently enrolled full-time students.
   0 Former students who did not graduate.
   0 Recent graduates (within one year of graduation).
   0 Any graduates.
   0 Other, please describe.

   _____

   _____

Rationale for item 3: None of these persons should be excluded from placement assistance unless the exclusion is clearly disclosed in the institution's catalog or other public documents.

4. Does this institution regularly collect data on employment success (however defined) from the following sources? (Check all that apply)

   0 Former students who did not graduate.
   0 Recent graduates (within one year of graduation).
   0 Employers of recent graduates.
   0 Other, please describe.

   _____

   _____

Rationale for item 4: With the efficiency of modern sampling and follow-through techniques, even lack of a large budget is no excuse for not trying to collect some data on the ultimate desired outcome of occupational training programs: employment success.

Recordkeeping Practices

Rationale for this topic: Institutions which do not adequately maintain student records in a central location make it extremely difficult for current and former students to access them when there is a need to do so. Moreover, if an institution should cease operations, lack of a record maintenance policy can cause great inconvenience and even abuse of current and former students.

1. Are individual student records maintained which contain the following items? (Check all that apply)

   0 Total fees paid by the student.
   0 Courses taken and completed by the student.
   0 Class attendance history in all courses.
   0 Academic credits, grades, earned by the student.
   0 Financial aid amounts, including loans, if any, received by the student.
   0 Other, please describe.

   _____

   _____

2. Does this institution have a written policy for maintaining individual student records in the event of a closure or change in ownership or control status? (Check all that apply)

   0 No.
   0 Yes, but it does not insure direct student access for a period of at least 2 years following closure.
   0 Yes, and it insures direct student access for a period of at least 2 years following closure.
   0 Yes, and it is available in writing to all enrolled students.
   0 Other, please describe.

   _____

   _____

Stability of Instructional Staff

Rationale for this topic: One of the most disturbing educational experiences is the turnover of instructional staff during a course. Each turnover causes extreme disruption and loss of essential continuity. Furthermore, excessive staff instability is no doubt an indicator of deeper troubles in an institution.

1. During the previous calendar year, in how many courses offered by your institution was the instructor replaced after instruction had begun? (Fill in the number)

   _____ courses

2. This represented what percentage of the total number of courses offered during this calendar year? (Fill in the number)

   _____ percentage

3. In any courses offered during the previous calendar year, was the instructor replaced twice or more often? (Check one)

   0 no
   0 yes

Representation of Chartered, Approved, or Accredited Status

Rationale for this topic: Students should be accurately informed about the actual status of an institution with regard to chartering, approval, accreditation, and any pending legal actions. It is the responsibility of the institution to provide and not to misrepresent this information.

1. Is your institution currently on suspension, probabion, or some other form of sanction for noncompliance with designated standards, by any of the following? (Check all that apply)

   0 a local agency (e.g., Consumer Protection Agency, Better Business Bureau)
   0 a state agency (e.g., State VA Approval Agency, Attorney General)
   0 a federal government agency (e.g., Federal Trade Commission)
   0 a private accrediting agency or body
   0 other, please describe _____

   _____

If you did not check any of the above, go on to item 3.

2. Is (Are) the fact(s) of the above sanction(s) publicly disclosed to enrolled students and potential students? (Check all that apply)

   0 No.
   0 Yes, but not in writing.
   0 Yes, in writing to all enrolled students.
   0 Yes, in writing to all applicants.
   0 Other, please describe. _____

   _____

Rationale for Item 2: Institutions that have such sanctions imposed rarely publicly disclose the fact, nor do they give out information on the conditions or practices which led to the sanctions. Although there is the chance that the sanctions were imposed unjustifiably and an institution may therefore be going through due process in an attempt to have them removed, it is possible that the sanctions were imposed for good reason. The facts of the sanction should be made available to students and potential enrollees.

3. Do the public representations of this institution clearly distinguish between institutional and specialized program accreditation, state VA-approving agency course approval, and state licensing and chartering? (Check one)

   0 no
   0 yes

Rationale for Item 3: Institutions sometimes intentionally misrepresent their status by inferring it is more comprehensive or prestigious than in fact. Distinctions among the above statuses should always be made clear.

Financial Stability

Rationale for this topic: As many regulatory bodies have discovered too late, it is very difficult to either measure or guard against financial instability in a postsecondary institution. However, certain practices are more likely than others to insure that institutions do not close down, leaving students with no recourse. Regulatory bodies should know about the practices of institutions for which they are responsible; consumers should also be aware of these practices.

1. Are the financial records and reports of this institution subjected to the following audits or inspections? (Check all that apply)

   0 Annual uncertified audit by an accounting firm.
   0 Annual certified audit by an accounting firm.
   0 Inspection by any state regulatory agencies.
   0 Inspection by any federal regulatory agencies.
   0 Other, please describe. _____

   _____

2. Does this institution have an endowment or retained earnings fund to pay operating expenses not covered by student tuition receipts? (Check one)

   0 no
   0 yes

Rationale for item 2: Institutions which do not have such financial resources are forced to rely too heavily on income from tuition to meet their cash flow needs. When tuition ebbs and flows as it always does, these schools "teeter on the brink of financial disaster"; indeed, the inability to get through a dry period of tuition inflow has caused many school closures.

3. Do the financial reporting practices of this institution report unearned tuition as assets:

0 no
0 yes

Rationale for item 3: This is a no-no.

4. Is this institution currently engaged in bankruptcy proceedings or does it currently plan to enter into formal bankruptcy proceedings during the next 12 months?

0 no
0 yes

Rationale for item 4: Schools that are failing financially will typically not publicize this fact to students until the actual date they close operations. Not knowing the financial problems of their school in advance of a closing date, students will assume mistakenly that the school is operationally stable and may make long term financial and other commitments based on that assumption.

If you answered "no" to item 4, go on to the next section.

5. Does this institution publicly disclose information about bankruptcy proceedings that are underway or planned?

0 no
0 yes

Experimental Items

The following items are asked in an attempt to gather data which will be useful in validating some of the indicators previously collected.

Please answer each to the best of your knowledge. Exact numbers are not required.

1. What is the average dropout rate of entering students during their first year of enrollment?

   _____ percent of initial first-year enrollment

How do you estimate this rate?

2. What is the average placement rate for occupational program graduates in training-related jobs during the first year after graduation?

   _____ percent of graduates

   _____ percent of graduates who sought employment

How do you estimate these rates?

3. What percentage of the currently enrolled student body is receiving the following benefits?

   _____ percent receiving Federally Insured Student Loans (FISL)

   _____ percent receiving state Guaranteed Student Loans (GSL)

   _____ percent receiving Veterans Administration Benefits

   _____ percent receiving Basic Educational Opportunity Grants

   _____ percent receiving loans or benefits other than the above

How do you estimate the above percentage(s)?

4. What was the average student loan default rate during the past calender year?

_____ percent of total FISL recipients were reported as being in default

_____ percent of total GSL recipients were reported as being in default

How do you estimate the above percentage(s)?